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Division of Gaming Enforcement Revamps Casino Industry Financial Reporting Requirements

ATLANTIC CITY — The Division of Gaming Enforcement announced today that the regulations developed in response to the re-regulation under Senate Bill S-12 will revise the financial reporting requirements of the casino industry, with an updated Division Financial Reporting Manual to become effective on January 1, 2012. These changes reflect the combined efforts of the Division's Office of Financial Investigations (OFI) and industry representatives who thoroughly reviewed existing financial submissions and reporting requirements beginning in March 2011.

"As a direct result of Division staff and the industry working together, OFI was able to replace a number of standard forms with internal casino documents to improve the timeliness, frequency, and reliability of financial information, as well as reduce duplication," said Acting Director David Rebeck. "At the same time, the statutory mandate that financial information be consistent, comparable, and publicly-available remains largely unchanged. The public should be assured that the financial results of the casino industry in Atlantic City will be as open and transparent as they have been in the past."

Overall, there were four primary goals that were achieved through updating and modernizing the casino industry's financial reporting requirements:

1. Increasing the Division's financial oversight of casino licensees and their parent companies through documents and reports that are already prepared internally, thereby decreasing its reliance on "prescribed" forms and reducing redundancy;
2. Maintaining the current level of transparency of the casino industry by posting the same financial reports and statistics on the Division web site as those currently in place;
3. Incorporating the standard reporting conditions typically imposed in conjunction with financial petitions into the Division regulations to ensure uniform application industry-wide and enhancing the Division's financial oversight; and

4. Requiring the ongoing submission of financial filings, as opposed to the filing of up to five years of data at one time to the Division during the periodic review of a casino's continuing qualification (which replaced the five-year casino license renewal process under S-12).

Rebuck said, "I am pleased with the efforts of Division staff in producing a thorough and detailed financial reporting manual and developing new Division regulations that will enhance the regulatory oversight process. At the same time, the financial reporting burden on the industry will be reduced through the elimination of many prescribed forms."

Some of the specific changes in the Division regulations include a requirement that each licensee and parent company file financial projections on an annual basis with the Division. For casino operators in Atlantic City, this submission will replace the filing of the Annual Financial Stability Forecast forms, as well as the multi-year License Renewal Forecasts.

At the parent company level, the new regulations will enable the Division to more effectively monitor their financial stability. Previously, parent companies periodically filed financial forecasts for up to a three-year period and were not subject to an annual filing requirement like casino operators. Hence, this regulation will provide the Division with more current financial information and eliminate the historical reliance on multi-year forecasts that typically become outdated after the first year.

The Division regulations also add a requirement that each licensee electronically file its internal monthly financial statements with the Division. This regulation will increase the frequency and timeliness of financial information filed with the Division, as the casinos were only required to file on a quarterly basis previously. Notably, by submitting an internal format that already exists, this requirement does not increase the financial reporting requirements of the industry. In fact, this requirement reduces the burden on many licensees that currently file monthly financial statements in the prescribed format pursuant to casino license conditions. Those licensees can now submit their internal format.

Moreover, there will be no change to the statistical information contained in the Schedule of Promotional Allowances and Expenses. To conform with the statutory requirement, those statistics will be part of the Quarterly Financial Report and publicly available on the Division's web site.

A cross-reference for the Division's Financial Reporting Manual to the former manual and additional information regarding the transition can be found at:

<http://www.nj.gov/oag/ge/financialandstatisticalinfo.html>

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